

Indiana, Kentucky, Michigan, Ohio, Tennessee, Wisconsin, West Virginia, Georgia, and Alabama would carry heaviest burden

WASHINGTON. D.C. – An analysis of the economic impact of the Waxman/Markey cap-and-trade bill by House Committee on Oversight and Government Reform Republican staff has found that the legislation creates a regressive tax and that economic studies likely underestimate the full cost of the proposal to the economy.

Last year, then Presidential candidate Barack Obama said, ["Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket. Businesses will have to retrofit their operations. That will cost money. They will pass that cost on to the consumers."](#)

While cap-and-trade defenders now try to downplay the costs, the report finds that the President's earlier prediction is likely correct.

Key Facts:

- According to the Congressional Budget Office (CBO), cap-and-trade would cost the average American household an extra \$1,600 per year.
- Cap-and-trade could increase the price for a gallon of gasoline between \$0.61 and \$2.53.
- Cap-and-trade could increase the cost of electricity by 44% to 129%

Excerpts from the report:

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Energy tax would hit some Americans harder than others leading to redistribution of wealth

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“Two key characteristics point towards the communities that would likely be hit hardest: the percentage of workers employed in manufacturing and the percentage of energy generation from coal. Several states that are already struggling with high unemployment rates could be crushed by the implementation of cap-and-trade. In particular, the workers in Indiana, Kentucky, Michigan, Ohio, Tennessee, Wisconsin, West Virginia, Georgia, and Alabama could experience a tremendous blow from the Waxman/Markey cap-and-trade scheme.” (p. 16-17)

“Families in states that rely on coal for baseload energy, have a manufacturing based economy, or have an intemperate climate would carry the largest burdens. Since cap-and-trade is a de facto-tax, these families would see their money collected through higher energy bills redistributed by Washington to families in other states, thus creating an unintended transfer of wealth among poor and middle class American families.” (p.1)

“Candidate Obama left out a very important caveat when he pledged that 95% of Americans would get a tax cut under his Administration. What he should have said is that 95% of all Americans will receive a tax cut under his Administration, unless you are part of the 100% of Americans who consume energy.” (p.7)

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Failure of EPA and other studies to consider effects of Renewable Portfolio Standard (RPS) mandate low-balls final costs

“EPA’s draft analysis of the legislation does not include a study of the renewable portfolio standard. This is not a minor omission. The 25% RPS mandate will have a tremendous impact on the economy because it uses a command–and-control style approach and does not let the market determine the most efficient way of reducing emissions. Such an approach undermines the main virtue of a cap-and-trade system – letting the market decide the most efficient outcome.” (Addendum)

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Waxman/Markey Could Actually Increase Global Carbon Emissions

“In the context of climate change, the off-shoring of manufacturing has even greater implications because China’s energy intensity is three times higher and rising faster than it is in the U.S. or Europe. This means that any manufacturing process in China will emit at least 300 percent more CO₂ than a similar manufacturing process in the United States. Policies that encourage U.S. companies to leave our shores do more than cost American workers good jobs – these policies could eventually result in a net increase in global GHG emissions, because the developing world simply does not have the same environmental standards.” (p. 17)

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Not In My Backyard (NIMBY) – a serious obstacle to carbon-free energy development

“Ironically, some of the biggest culprits of NIMBYism are also the leading advocates of cap-and-trade, including Senator Harry Reid and Representative Edward Markey, as well as environmental groups, such as the Sierra Club, Friends of the Earth, and Green Peace.” (p. 31-35)

“There are at least 62 wind, wave, solar and biofuel projects, and 15 high-voltage transmission proposals, across 25 states that have faced significant local opposition, often enough to shut them down entirely.” (p. VI)

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An economically viable and ecologically sustainable source of carbon-free energy

“Nuclear power is one of the safest, most efficient, cost effective, and sadly underappreciated zero carbon resources available to our nation. It provides a versatile source of clean energy with near limitless potential. From the development of hydrogen technologies and high heat reactors, to the possibilities of advanced fuel cycles, the benefits of nuclear power should not be ignored any longer.” (p. 28-31)

[Click here for the report](#)